ISR CAPITAL LIMITED

(Registration No: 200104762G)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

NOTE:

The Group has recently completed its acquisition of a 60% shareholding interest in Tantalum Holding (Mauritius) Ltd (the "**Target Company**" or **"THM"**) from REO Magnetic Pte. Ltd. (the "**Vendor**") (the "**Acquisition**"). As announced on 3 January 2019, the Vendor had on 28 December 2018, transferred its shares of the Target Company representing a 60% stake to ISR Global Pte. Ltd., a wholly-owned subsidiary of the Company (the "**Transfer**"). The consideration for the Acquisition, being 747,257,307 ordinary shares in the Company (the "**Consideration Shares**"), was also satisfied by the Company on the allotment and issue of the Consideration Shares to the Vendor on 3 January 2019.

Notwithstanding that the Consideration Shares were allotted and issued to the Vendor subsequent to 31 December 2018, the Group was deemed to have acquired control over THM and its wholly owned subsidiary, Tantalum Rare Earth Malagasy S.A.R.L.U. (**"TREM"**) upon the transfer of THM shares by the Vendor to the Group on 28 December 2018 (the **"Acquisition Date"**). Accordingly, the assets and liabilities of THM and TREM have been included and consolidated in the Group's unaudited consolidated financial statements for FY2018 based on the carrying amounts in their unaudited management accounts as at 31 December 2018. The Group will embark on a Purchase Price Allocation (**"PPA"**) exercise in respect of the Acquisition and expects to finalise the PPA exercise within one year from the Acquisition Date. Accordingly, the fair values of assets and liabilities of THM and TREM on Acquisition Date shall be adjusted upon finalisation of the PPA exercise. At this juncture, in preparing the Group's unaudited consolidated financial statements for FY2018, the Group has not recognised any bargain purchase that may arise from the Acquisition.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	3 months ended			12 months ended		
	31/12/2018	31/12/2017	Inc/(Dec)	31/12/2018	31/12/2017	Inc/(Dec)
	S$	S$	%	S$	S$	%
Revenue	**205,373**	147,632	39.1	**745,572**	576,075	29.4
Other gains, net	**-**	30,327	(100.0)	**-**	20,218	(100.0)
Other income	**7,145**	11,373	(37.2)	**8,909**	16,143	(44.8)
Employee benefits expense	**(297,391)**	(237,703)	25.1	**(780,662)**	(830,778)	(6.0)
Depreciation	**(13,072)**	(12,802)	2.1	**(51,456)**	(52,013)	(1.1)
Other operating expenses	**(1,179,084)**	(398,678)	195.7	**(1,768,520)**	(1,146,923)	54.2
Finance costs	**(26,298)**	(564)	4,562.8	**(26,534)**	(3,407)	678.8
Share of loss of joint venture	**(66,232)**	-	N.M	**(66,232)**	-	N.M
Loss before tax	**(1,369,559)**	(460,415)	197.5	**(1,938,923)**	(1,420,685)	36.5
Income tax expense	**-**	-	-	**(161,384)**	-	N.M
Loss for the year, representing total comprehensive loss for the year	**(1,369,559)**	(460,415)	197.5	**(2,100,307)**	(1,420,685)	47.8
Loss attributable to:						
Equity holders of the Company	**(1,369,559)**	(460,415)	197.5	**(2,100,307)**	(1,420,685)	47.8
Total comprehensive loss attributable to:						
Equity holders of the Company	**(1,369,559)**	(460,415)	197.5	**(2,100,307)**	(1,420,685)	47.8

N.M.: Not Meaningful

Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Loss, net of tax is arrived after (charging)/crediting the following items:

	Group					
	3 months ended			12 months ended		
	31/12/2018	31/12/2017	Inc/(Dec)	31/12/2018	31/12/2017	Inc/(Dec)
	S$	S$	%	S$	S$	%
Interest income						
- Debt securities	205,373	147,632	39.1	745,572	576,075	29.4
- Bank deposits and trading account	32	55	(41.8)	225	778	(71.1)
	205,405	147,687	39.1	745,797	576,853	29.3
Gain on disposal of financial assets, available-for-sale	-	30,327	(100.0)	-	30,327	(100.0)
Interest expense	(26,298)	(564)	4,562.8	(26,534)	(3,407)	678.8
Rental and operating leases	(22,601)	(22,987)	(1.7)	(90,265)	(93,459)	(3.4)
Impairment loss on financial assets	(1)	-	N.M	(1)	(10,109)	(100.0)
Impairment loss on debt securities	(679,135)	-	N.M	(679,135)	-	N.M
Impairment loss on trade receivables	(71,484)	-	N.M	(71,484)	-	N.M
Income tax expense – under provision in respect of prior years	-	-	-	(161,384)	-	N.M

N.M.: Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	S$	S$	S$	S$
ASSETS				
Current assets				
Cash and cash equivalents	**150,093**	646,422	**136,068**	632,273
Trade receivables	**-**	576,075	**-**	-
Other receivables	**38,105**	49,401	**37,303**	49,401
Amounts due from subsidiaries	**-**	-	**11,965,049**	6,514,399
Financial assets at FVOCI	**-**	1	**-**	-
Debt securities	**-**	5,322,075	**-**	-
Other current assets	**66,077**	47,260	**55,700**	47,260
	254,275	6,641,234	**12,194,120**	7,243,333
Non-current assets				
Other receivables	**1,332,273**	-	**-**	-
Investments in subsidiaries	**-**	-	**7**	7
Investment in a joint venture	**1,273,768**	670,000	**-**	-
Property, plant and equipment	**228,369**	189,815	**145,134**	178,315
Intangible assets	**15,784,806**	-	**-**	-
	18,619,216	859,815	**145,141**	178,322
Total assets	**18,873,491**	7,501,049	**12,339,261**	7,421,655
LIABILITIES				
Current liabilities				
Other payables	**7,306,769**	449,606	**3,947,358**	298,809
Finance lease liabilities	**-**	9,255	**-**	9,255
Convertible redeemable bonds	**-**	50,148	**-**	50,148
Tax liability	**2,654**	-	**-**	-
	7,309,423	509,009	**3,947,358**	358,212
Non-current liabilities				
Convertible redeemable bonds	**961,122**	-	**961,122**	-
Deferred income tax liabilities	**13,912**	13,912	**2,954**	2,954
	975,034	13,912	**964,076**	2,954
Total liabilities	**8,284,457**	522,921	**4,911,434**	361,166
NET ASSETS	**10,589,034**	6,978,128	**7,427,827**	7,060,489
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**37,816,578**	35,868,655	**37,816,578**	35,868,655
Capital reserve	**139,124**	161,773	**139,124**	161,773
Currency translation reserve	**(434,953)**	406	**-**	-
Accumulated losses	**(31,153,013)**	(29,052,706)	**(30,527,875)**	(28,969,939)
	6,367,736	6,978,128	**7,427,827**	7,060,489
Non-controlling interest	**4,221,298**	-	**-**	-
Total equity attributable to owners of the Company	**10,589,034**	6,978,128	**7,427,827**	7,060,489

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

The Group has finance lease liabilities and convertible redeemable bonds amounting to Nil and S$961,122 respectively as at 31 December 2018.

	Group			
	31/12/2018		31/12/2017	
Finance lease liabilities	**Secured S$**	**Unsecured S$**	**Secured S$**	**Unsecured S$**
Amount repayable in one year or less	-	-	9,255	-
Amount repayable after one year	-	-	-	-
	-	-	9,255	-
Convertible redeemable bonds				
Amount repayable in one year or less	-	-	-	50,148
Amount repayable after one year	-	961,122	-	-
	-	961,122	-	50,148

Details of any collateral

Not applicable.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	12 months ended	
	31/12/2018	31/12/2017
	S$	S$
Cash flows from operating activities		
Net loss for the year	**(2,100,307)**	(1,420,685)
Adjustments for:		
Depreciation	**51,456**	52,013
Hire purchase interest expense	**89**	2,607
Convertible redeemable bond interest	**26,445**	800
Interest income	**(745,797)**	(576,853)
Impairment loss on trade and other receivables	**79,079**	10,084
Impairment loss on debt securities	**679,135**	-
Impairment loss on financial assets	**1**	10,109
Income tax expense	**161,384**	-
Allowance for/(Write-back of) unutilised leave	**10,500**	(2,500)
Allowance for bonus	**122,000**	72,000
Net gain on disposal of financial asset, available-for-sale	**-**	(30,327)
Share of loss of joint venture	**66,232**	-
Operating cash flows before changes in working capital	**(1,649,783)**	(1,882,752)
Changes in working capital:		
Trade and other receivables and other current assets	**6,147,091**	117,765
Other payables	**(6,712,397)**	(48,613)
Cash used in operating activities	**(2,215,089)**	(1,813,600)
Interest received	**225**	778
Income tax paid, net	**(161,384)**	-
Net cash used in operating activities	**(2,376,248)**	(1,812,822)
Cash flows from investing activities		
Debt securities extended to third party	**(257,925)**	(421,210)
Debt securities extended to a related party	**-**	(1,433,330)
Proceeds from disposal of financial assets, available-for-sale	**-**	50,545
Purchase of property, plant and equipment	**(12,275)**	(15,182)
Acquisition of subsidiary, net of cash acquired	**9,495**	-
Investment in a joint venture	**(670,000)**	(670,000)
Net cash used in investing activities	**(930,705)**	(2,489,177)
Cash flows from financing activities		
Hire purchase interest paid	**(89)**	(2,607)
Proceeds from issuance of convertible redeemable bonds	**2,850,000**	3,800,000
Interest paid on convertible redeemable bonds	**-**	(503)
Share issue expense	**(30,032)**	(30,193)
Repayment of finance lease liabilities	**(9,255)**	(41,408)
Net cash provided by financing activities	**2,810,624**	3,725,289
Net decrease in cash and cash equivalents	**(496,329)**	(576,710)
Cash and cash equivalents at 1 January	**646,422**	1,223,132
Cash and cash equivalents at 31 December	**150,093**	646,422

List of significant non-cash transactions:

Conversion of convertible redeemable bonds to ordinary shares (Note A)	1,977,955	3,823,880

Note A:
During the financial year ended 31 December 2018, the convertible redeemable bonds issued by the Company were converted into 595.83 million ordinary shares with a present value of S$1,977,955 (with face value totaling S$2.05 million).

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Capital reserve	Currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2018	**35,868,655**	**161,773**	**406**	**(29,052,706)**	**6,978,128**	**-**	**6,978,128**
Transactions with owners, recognised directly in equity:							
Issuance of new ordinary shares	**1,977,955**	**-**	**-**	**-**	**1,977,955**	**-**	**1,977,955**
Share issue expense	**(30,032)**	**-**	**-**	**-**	**(30,032)**	**-**	**(30,032)**
Convertible redeemable bonds – equity component	**-**	**(22,649)**	**-**	**-**	**(22,649)**	**-**	**(22,649)**
Currency translation differences arising from consolidation	**-**	**-**	**(435,359)**	**-**	**(435,359)**	**-**	**(435,359)**
Acquisition of a subsidiary	**-**	**-**	**-**	**-**	**-**	**4,221,298**	**4,221,298**
Total transactions with owners, recognised directly in equity	**1,947,923**	**(22,649)**	**(435,359)**	**-**	**1,489,915**	**4,221,298**	**5,711,213**
Loss for the year, representing total comprehensive loss for the year	**-**	**-**	**-**	**(2,100,307)**	**(2,100,307)**	**-**	**(2,100,307)**
Balance at 31 December 2018	**37,816,578**	**139,124**	**(435,953)**	**(31,153,013)**	**6,367,736**	**4,221,298**	**10,589,034**
Balance at 1 January 2017	32,074,968	188,135	406	(27,632,021)	4,631,488	-	4,631,488
Transactions with owners, recognised directly in equity:							
Issuance of new ordinary shares	3,823,880	-	-	-	3,823,880	-	3,823,880
Share issue expense	(30,193)	-	-	-	(30,193)	-	(30,193)
Convertible redeemable bonds – equity component	-	(26,362)	-	-	(26,362)	-	(26,362)
Total transactions with owners, recognised directly in equity	3,793,687	(26,362)	-	-	3,767,325	-	3,767,325
Loss for the year, representing total comprehensive loss for the year	-	-	-	(1,420,685)	(1,420,685)	-	(1,420,685)
Balance at 31 December 2017	35,868,655	161,773	406	(29,052,706)	(6,978,128)	-	6,978,128

Company	Share capital	Capital reserve	Accumulated losses	Total equity
	S$	S$	S$	S$
Balance at 1 January 2018	**35,868,655**	**161,773**	**(28,969,939)**	**7,060,489**
Issuance of new ordinary shares	**1,977,955**	**-**	**-**	**1,977,955**
Share issue expense	**(30,032)**	**-**	**-**	**(30,032)**
Convertible redeemable bonds – equity component	**-**	**(22,649)**	**-**	**(22,649)**
Loss for the year, representing total comprehensive loss for the year	**-**	**-**	**(1,557,936)**	**(1,557,936)**
Balance at 31 December 2018	**37,816,578**	**139,124**	**(30,527,875)**	**7,427,827**

Company	Share capital	Capital reserve	Accumulated losses	Total equity
	S$	S$	S$	S$
Balance at 1 January 2017	32,074,968	188,135	(27,433,025)	4,830,078
Issuance of new ordinary shares	3,823,880	-	-	3,823,880
Share issue expense	(30,193)	-	-	(30,193)
Convertible redeemable bonds – equity component	-	(26,362)	-	(26,362)
Loss for the year, representing total comprehensive loss for the year	-	-	(1,536,914)	(1,536,914)
Balance at 31 December 2017	35,868,655	161,773	(28,969,939)	7,060,489

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share capital increased by S$1,947,923 during FY 2018 arising from conversion of convertible redeemable bonds of S$1,977,955 with a face value of S$2,050,000 into 595,833,333 conversion shares and offset by share issue expense of S$30,032.

The number of shares that may be potentially issued on conversion of the outstanding convertible redeemable bonds of S$961,122 (with a face value of S$1,000,000) as at 31 December 2018 is 333,333,333 conversion shares (31 December 2017: 12,500,000 conversion shares).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 31 December 2018 and 31 December 2017 are 3,160,082,669 and 2,564,249,336 respectively.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as stated in paragraph 5 below, the Group has applied the same accounting policies and methods of computation as in the most recently audited annual financial statements for the financial year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s"), which became effective for the financial year beginning on or after 1 January 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*
- SFRS(I) 16 *Leases*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 28 *Measuring an Associate or Joint Venture at Fair Value*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group and the Company as at and for the financial year ended 31 December 2018.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	3 months ended		12 months ended	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
(Loss) per ordinary share of the Group after deducting any provision for preference dividends (Singapore cent per share):				
(a) Based on weighted average number of ordinary shares on issue; and	(0.04)	(0.02)	(0.07)	(0.07)
(b) On a fully diluted basis	(0.04)	(0.02)	(0.07)	(0.07)
Weighted average number of ordinary shares outstanding for basic loss per share	3,160,082,669	2,382,184,119	2,963,199,108	2,132,243,190

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net asset value per ordinary share (Singapore cent) based on issued share capital at the end of:	0.34 cent	0.27 cent	0.24 cent	0.28 cent

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue increased by approximately S$57,000 or 39.1% from S$148,000 for Q4 2017 to S$205,000 for Q4 2018 and increased by approximately S$170,000 or 29.4% from S$576,000 for FY 2017 to S$746,000 for FY 2018. The increase in interest income for FY 2018 as compared to FY 2017 was due mainly to the additional interest earned on further drawdowns by Tantalum Holding (Mauritius) Ltd ("THM") and Tantalus Rare Earths AG ("TRE AG") during FY 2018.

Other gains – net

The Group did not record other gains for Q4 2018 and FY 2018. Other gains of approximately S$20,000 recognised in FY 2017 were due mainly to the sale of financial assets available-for-sale.

Other income

Other income decreased by approximately S$4,000 or 37.2% from S$11,000 for Q4 2017 to S$7,000 for Q4 2018; and decreased by approximately S$7,100 or 44.8% from S$16,000 for FY 2017 to S$8,900 for FY 2018. This was due to the decrease in wage credits from the Inland Revenue Authority of Singapore ("IRAS"), MOM-Special Employment credits, MOM-Temporary Employment credits and PIC cash payout received in Q4 2018 and FY 2018 as compared to Q4 2017 and FY 2017.

Employee benefits expense

Employee benefits expense increased by approximately S$59,000 or 25.1% from S$238,000 for Q4 2017 to S$297,000 for Q4 2018; and decreased by approximately S$50,000 or 6.0% from S$831,000 for FY 2017 to S$781,000 for FY 2018. This was mainly due to the reduction in headcount from six employees in FY 2017 to four employees in FY 2018 and the decrease was partially offset by the increase in provision for bonus and unutilised leave.

I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(cont'd)*

Other operating expenses

The breakdown of "Other operating expenses" are as follows:

Other operating expenses

	Group			
	FY 2018	FY 2017	Variance	
	S$	S$	S$	%
Directors' fee	156,000	149,322	6,678	4.5
Insurance expense	52,389	38,621	13,768	35.6
Impairment loss on debt securities	679,135	-	679,135	N.M
Impairment loss on trade receivables	71,484	-	71,484	N.M
Impairment loss on other receivables	7,595	10,084	(2,169)	(24.7)
Professional fees	471,308	519,622	(48,314)	(9.3)
Rental expense	90,265	93,459	(3,194)	(3.4)
Travel and entertainment expenses	95,260	169,136	(73,876)	(43.7)
Listing related expenses	79,859	65,373	14,486	22.2
Office utilities and expenses	14,809	25,260	(10,451)	(41.4)
Repair and maintenance	12,598	18,678	(6,080)	(32.6)
Others	37,818	57,368	(19,550)	(34.1)
	1,768,520	1,146,923	621,597	54.2

Other operating expenses increased by approximately S$780,000 or 195.7% from S$399,000 for Q4 2017 to S$1,179,000 for Q4 2018 and increased by approximately S$622,000 or 54.2% from S$1.15 million for FY 2017 to S$1.77 million for FY 2018. The increase was mainly due to the impairment loss on trade and other receivables of S$79,000 and impairment loss on debt securities issued to Tantalus Rare Earths AG ("TRE AG") of S$679,000. TRE AG has filed an application for insolvency proceedings and the Group is in the process of enforcing the share pledge provided by TRE AG over its shareholding interest of 15% in Tantalum Holding (Mauritius) Ltd ("THM") in favour of the Group. The increase was partially offset by the decrease in professional fees and travelling expenses incurred on the Madagascar project in FY 2018.

Finance costs

Finance costs increased by approximately S$25,700 or 4,562.8% from S$600 for Q4 2017 to S$26,300 for Q4 2018; and increased by approximately S$23,100 or 678.8% from S$3,400 for FY 2017 to S$26,500 for FY 2018. This was mainly due to the 2% interest payable on outstanding sub-tranche 2 of Tranche 3 convertible redeemable bonds with a face value of S$1 million which has been subscribed by the bond holder but not yet converted as at 31 December 2018.

Share of loss of joint venture

As at 31 December 2018, the Group invested S$1.34 million for a 12.5% shareholding in Straits Hi-Rel Pte Ltd ("SHR"). SHR incurred a net loss of S$529,855 for FY 2018. Thus, under equity accounting method, the Group recognised S$66,000 as the Group's share of loss in the joint venture for FY 2018.

I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(cont'd)*

Loss before tax

Loss before tax increased by approximately S$909,000 or 197.5% from S$460,000 for Q4 2017 to S$1,370,000 for Q4 2018 and increased by approximately S$518,000 or 36.5% from S$1,421,000 for FY 2017 to S$1,939,000 for FY 2018. The increase of S$518,000 in loss before tax for FY 2018 as compared to FY 2017 was mainly due to the increase in other operating expenses of S$622,000 resulting from impairment loss of debt securities and impairment loss of trade receivables as well as the decrease in employee benefits expenses of S$50,000.

Income tax expense

Income tax expense increased to S$161,000 for FY 2018 due to an under-provision of prior years' income tax expense, which the Group is disputing with IRAS. The Group did not record any income tax expense for Q4 2018 and Q4 2017 as well as FY 2017.

II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents

Cash and cash equivalents decreased by approximately S$496,000 or 76.8% from S$646,000 as at 31 December 2017 to S$150,000 as at 31 December 2018. The decrease was mainly due to net cash flows used in operating activities and investing activities of S$2.38 million and S$931,000 respectively and partially offset by net cash flows of S$2.81 million provided by financing activities.

Trade receivables

Trade receivables decreased by approximately S$576,000 or 100.0% from S$576,000 as at 31 December 2017 to Nil as at 31 December 2018. The decrease was due to the elimination of interest accrued on debt securities issued to Tantalum Holding (Mauritius) Ltd ("THM") on consolidation as this balance was reclassified as amount due from subsidiary as the Group was deemed to have completed the acquisition of THM on 28 December 2018 and the impairment loss made on interest accrued on debt securities extended to Tantalus Rare Earths AG ("TRE AG"). TRE AG has filed an application for insolvency proceedings and the Group is in the process of enforcing the share pledge provided by TRE AG over its shareholding interest of 15% in THM in favour of the Group.

Other receivables (Current and Non-Current)

Other receivables increased by approximately S$1.32 million or 2,674.0% from S$49,000 as at 31 December 2017 to S$1.37 million as at 31 December 2018. The increase was mainly due to the Madagascar value-added tax ("VAT") input paid on goods or services incurred by Tantalum Rare Earth Malagasy S.A.R.L.U ("TREM") that are carried forward until it is refunded or offset against VAT output.

Debt securities

Debt securities decreased by approximately S$5.32 million or 100.0% from S$5.32 million as at 31 December 2017 to Nil as at 31 December 2018. The acquisition of THM was deemed to have been completed by the Group on 28 December 2018 and as such, the debt securities extended to THM was reclassified as an amount due from subsidiary which was eliminated on consolidation. The decrease was also due to impairment loss made on debt securities extended to TRE AG, which has filed an application for insolvency proceedings and the Group is in the process of enforcing the share pledge provided by TRE AG over its shareholding interest of 15% in THM in favour of the Group.

II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(cont'd)*

Other current assets

Other current assets increased by approximately S$19,000 or 39.8% from S$47,000 as at 31 December 2017 to S$66,000 as at 31 December 2018. This was mainly due to prepayments relating to the upgrade of accounting software and premium on directors and officers liability insurance.

Investment in a joint venture

Investment in a joint venture increased by approximately S$600,000 or 89.6% from S$670,000 as at 31 December 2017 to SS1.27 million as at 31 December 2018. The increase was mainly due to the completion of Stage 3A investment of S$670,000 in Straits Hi-Rel Pte Ltd by a subsidiary during FY 2018 and partially offset by the Group's share of loss in the joint venture of S$66,000.

Property, plant and equipment

Property, plant and equipment increased by approximately S$38,000 or 20.3% from S$190,000 as at 31 December 2017 to S$228,000 as at 31 December 2018. The increase was mainly due to the consolidation of the financial statements of THM into the Group's financial statements as the acquisition of THM was deemed to have been completed by the Group on 28 December 2018.

Intangible assets

Intangible assets increased by approximately S$15.78 million from Nil as at 31 December 2017 to S$15.78 million as at 31 December 2018. The increase was mainly due to the consolidation of the financial statements of THM into the Group's financial statements as the acquisition of THM was deemed to have been completed by the Group on 28 December 2018. Intangible assets include development costs, computer software and permit license for mining.

Other payables

Other payables increased by approximately S$6.86 million or 1,525.1% from S$450,000 as at 31 December 2017 to S$7,306,000 as at 31 December 2018. The increase was mainly due to the purchase consideration of S$2.98 million for the acquisition of 60% of THM and the accruals of balances due to suppliers and service providers of approximately S$2.65 million arising from the consolidation of the financial statements of THM into the Group's financial statements as at 31 December 2018.

Convertible redeemable bonds

Convertible redeemable bonds increased by S$911,000 or 1,816.6% from S$50,000 as at 31 December 2017 to S$961,000 as at 31 December 2018, due mainly to the issuance of convertible bonds during FY 2018. The face value of the bonds, which amount to S$1.0 million, represents a present value of S$961,000 at an effective interest rate of 5.5% p.a. and remains unconverted as at 31 December 2018.

Share capital

Share capital increased by approximately S$1.95 million or 5.4% from S$35.87 million as at 31 December 2017 to S$37.80 million as at 31 December 2018. This was mainly due to the conversion of bonds with a face value of S$2.05 million into ordinary shares during FY 2018, and partially offset by share issue expense of approximately S$30,000.

II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(cont'd)*

Currency translation reserve

Currency translation reserve decreased by approximately S$435,000 or 107,231.3% from S$406 as at 31 December 2017 to S$435,000 as at 31 December 2018. The decrease was mainly due to consolidation of the financial statements of THM into the Group's financial statements as at 31 December 2018. THM's financial statements are presented in Euro dollars whereas the Group's financial statements are presented in Singapore dollars.

III) CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents decreased by approximately S$496,000 or 76.8% from S$646,000 as at 31 December 2017 to S$150,000 as at 31 December 2018. The decrease was mainly due to net cash flows used in operating activities and investing activities of S$2.38 million and S$931,000 respectively and partially offset by net cash flows of S$2.81 million provided by financing activities.

STATUS ON THE UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF CONVERTIBLE REDEEMABLE BONDS OF S$12,000,000 AS AT 31 DECEMBER 2018

The Company refers to the net proceeds of approximately S$11.10 million raised from the issuance of convertible redeemable bonds as at 31 December 2018.

As at 31 December 2018, the status on the use of the net proceeds raised from the issuance of convertible redeemable bonds in S$'000 is as follows:

	Amount utilised S$'000
Investments and general corporate purposes	7,791*
General working capital	3,310**
Total net proceeds raised from issuance of convertible redeemable bonds	11,101

* Including loans provided to Tantalum Holding (Mauritius) Ltd and Tantalus Rare Earths AG of S$2.10 million and S$653,000 respectively.

** The breakdown of the amount utilised for general working capital is as follows:

	S$'000
Wages, salaries, bonuses and other short-term employee benefits and employer's contributions to Central Provident Fund	1,516
Office and warehouse rental	293
Directors' fees	382
Professional fees (including legal, secretarial, investor relations)	257
Listing related expenses	154
Office expenses	69
Repair and maintenance	48
Insurance premiums	124
Others	467
Total	3,310

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group did not make a forecast in its previous prospect statement; hence, there is no variance to comment upon.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Aligned with its objective to broaden and strengthen its earnings base, the Group expects its two strategic investments: (i) 60% stake in Tantalum Holding (Mauritius) Ltd ("**THM**") which in turn owns 100% of Tantalum Rare Earth Malagasy S.A.R.L.U. ("**TREM**"), and (ii) up to a 25% stake in Straits Hi-Rel Pte. Ltd. ("**SHR**"), a start-up focusing on speciality testing and back-end manufacturing for high reliability integrated chips and electronic modules for end application in the automotive, energy (oil and gas) and industrial sectors, to generate value for its shareholders in the long term.

(i) Rare earth concession in Madagascar

The Group legally completed the acquisition of its 60% stake in THM on 3 January 2019. However, pursuant to the Notice of Compliance dated 10 January 2019 from the Singapore Exchange Regulation ("**SGX RegCo**"), it will convene an extraordinary general meeting in due course for shareholders to ratify the waiver of a condition precedent related to the acquisition of THM.

TREM renewed its exploration license for three years from 6 November 2018 to 5 November 2021 for the 238 km² concession area that hosts rare earth oxides in northwestern Madagascar, Africa. The successful acquisition of THM enables the Group to commence the next phase of work, which includes trial leaching and pilot production, conducting feasibility and engineering studies, and environmental impact assessments ("**EIA**") with the aim of converting the exploration licence into a *Permis de Exploitation* licence or full mining licence before 5 November 2021.

The Group expects the feasibility study, which includes pilot production and on-site geological topography, to take up to 22 months to complete while the completion of an EIA study and approval may take up to 18 months. The Group intends to carry out these activities concurrently.

(ii) SHR

The Group has been reviewing and monitoring the progress of SHR since its initial investment in 2017. The final two stages, namely Stage 3B and Stage 4, may be completed within the financial year of 2019, upon achieving definite milestones.

The Group will continue to monitor its current portfolio and strive to work on its key investment in the operation, management and production of rare earth oxides to generate stable and sustainable earnings growth for its shareholders. It will also continue to update its shareholders and potential investors on the progress of its portfolio of investments as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared / recommended for the year ended 31 December 2018.

13. Interested Person Transactions

The Group has no general mandate for interested person transactions under Rule 920(1) of the SGX-ST Listing Manual.

14. Negative Assurance Confirmation On Half Yearly/Quarterly Financial Results Pursuant To Rule 705(5) Of The Listing Manual

Not applicable.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual.

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

31 December 2018	Minerals and Resources	Investment Management	Adjustments and Eliminations	Group
	S$	S$	S$	S$
Revenue				
- External revenue	-	745,572	-	745,572
Results				
Interest income	-	745,572	-	745,572
Unallocated interest income	-	-	-	225
Depreciation	-	(6,000)	-	(6,000)
Unallocated depreciation	-	-	-	(45,456)
Finance cost	-	-	-	(26,298)
Share of loss of joint venture	-	(66,232)	-	(66,232)
Income tax expense	-	-	-	(161,384)
Segment results	-	83,957	(1,433,645)	(1,349,688)
Assets				
Segment assets	20,558,404	12,339,877	(14,024,790)	18,873,491
Segment liabilities	10,005,158	46,573,490	(48,294,191)	8,284,457

31 December 2017	Investment Management	Adjustments and Eliminations	Group
	S$	S$	S$
Revenue			
- External revenue	576,075	-	576,075
Results			
Interest income	576,075	-	576,075
Unallocated interest income	-	-	778
Depreciation	(6,000)	-	(6,000)
Unallocated depreciation	-	-	(46,013)
Impairment loss on financial assets, available-for-sale	(10,109)	-	(10,109)
Finance cost	-	-	(3,407)
Segment results	36,796	(1,383,889)	(1,420,685)
Assets			
Segment assets	6,593,790	907,259	7,501,049
Segment liabilities	40,911,359	(40,388,438)	522,921

Geographical market of the clients

The following details show the distribution of the Group's revenues from continuing operations based on the geographical segments in which the clients are located:

	Group	
	12 months ended 31/12/2018	12 months ended 31/12/2017
	S$	S$
Germany	59,086	12,398
Mauritius	686,486	563,677
	745,572	576,075

With the exception of Mauritius, no other geographical segment contributed more than 10% of the Group's consolidated revenue for the financial year ended 31 December 2018.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8(I) on pages 10 to 13 for the review of performance.

18. A breakdown of sales.

	Group		
	12 months ended 31/12/2018	12 months ended 31/12/2017	Inc/(Dec)
	S$	S$	%
Sales reported for the first half year	-	-	-
Operating loss after tax before deducting non-controlling interests reported for the first half year	(585,909)	(940,462)	(37.7)
Sales reported for the second half year	-	-	-
Operating (loss)/gain after tax before deducting non-controlling interests reported for the second half year	(1,514,398)	(480,223)	215.4

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Total Annual Dividend	
	Latest Full Year	Previous Full Year
	31/12/2018	31/12/2017
Ordinary shares	-	-
Preference shares	-	-
Total	-	-

20. Report Of Persons Occupying Managerial Positions Who Are Related To A Director, CEO Or Substantial Shareholder Pursuant to Rule 704 (13)

The Board confirms that, to the best of its knowledge, as of the date hereof, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

CHEN TONG
Executive Chairman and Executive Director

31 March 2019